



Department of Justice

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**JUSTICE DEPARTMENT AND FEDERAL TRADE COMMISSION URGE
NORTH CAROLINA STATE BAR TO ALLOW NON-LAWYERS TO COMPETE
FOR CLOSING REAL ESTATE DEALS**

Proposal Would Likely Save Consumers Money

WASHINGTON, D.C. -- The U.S. Department of Justice and the Federal Trade Commission today issued a letter urging the Council of the North Carolina State Bar to approve a proposed opinion that would explicitly permit non-lawyers to compete with lawyers to perform real estate closings. The agencies said the proposal would allow consumers to pay lower prices and have more choices for real estate closing services. If the opinion is adopted by the Council when it meets on July 15, it will effectively repeal previous North Carolina State Bar opinions that had declared closings to be the practice of law and foreclosed lay competition.

The new opinion would declare that non-lawyers could oversee executing the documents and disbursing the proceeds necessary to close North Carolina residential real estate transactions, as long as the non-lawyer did not provide any legal advice or opinion.

"The proposed opinion would enable North Carolina consumers to enjoy the benefits of competition--lower prices and more choices in how and when closing services are provided," said Charles A. James, Assistant Attorney General in charge of the Justice Department's Antitrust Division. "We urge the State Bar Council to adopt it and join the many other states that permit lay closings."

“The Ad Hoc Committee’s two recommendations would let consumers choose non-lawyer settlement services to close real estate transactions and would permit closings to occur by fax, mail or Internet. Together, these changes would remove significant barriers to electronic commerce in North Carolina,” said Timothy J. Muris, Chairman of the FTC.

The joint FTC-Justice Department letter notes that the opinion would likely enable consumers to save money in three ways. First, those who hire lay closers will pay less money than those who hire lawyers. Second, those who hire lawyers will pay less than otherwise because competition between lawyers and non-lawyers will keep legal fees down. Third, consumers would be able to close transactions by mail or over the Internet, thus likely saving on their closing costs.

The opinion, "Authorized Practice Advisory Opinion on Real Estate Transactions," was proposed on June 24, 2002 by the Special Committee on Real Estate Closings of the North Carolina State Bar.

The State Bar Council will also consider an ethics opinion that would permit lawyers to use employees under their supervision to conduct closings. According to the joint letter, actions short of allowing lay persons to compete with lawyers for the closing business will be insufficient to protect consumers.

On December 14, 2001, the FTC and the Justice Department had issued a joint letter on urging the North Carolina State Bar to permit lay closers to compete with lawyers. After receiving that letter, the State Bar appointed the Special Committee. Chaired by Dudley Humphrey, the Committee proposed the two new Opinions on June 24, 2002.

Copies of the documents mentioned in this release are available from the Department of Justice and the FTC. The Department of Justice's Web site is <http://www.usdoj.gov/atr>. Paper copies of the documents are also available from the Justice Department's Antitrust Documents Group, telephone: (202) 514-2481, fax: (202) 514-3763, e-mail: atrdocs.grp@usdoj.gov.

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